Memorandum

DATE: April 15, 2011

TO: The Honorable Mayor Dwaine Caraway and
Members of the Dallas City Council

SUBJECT: Economic Development: Status Report

On Wednesday, April 20, 2011 you will be briefed on the status of economic
development in Dallas. Attached is a copy of the briefing for your review.

If you have any questions or need additional information, please let me know.

AC Gonzalez
Assistant City Manager

C: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge Municipal Court
Ryan S. Evans, First Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Karl Zavitovsky, Director, Office of Economic Development
Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens-Thompson, Assistant to the City Manager

“Dallas – Together, we do it better”
Economic Development: Status Report

April 20, 2011
Purpose

• Describe evolution of our current economic development strategy
• Revisit development efforts in the context of latest Census data
• Discuss planning vision, implementation strategies and results
• Highlight going forward opportunities
Over the Last 30 years
1980s

- Savings and Loan bust was devastating to Dallas economy
- Severe down turn of property values
- Downtown virtually dead
- Crime rates were at historic highs
- Few development/housing programs in place
- Yet, in the wake of the oil/real estate bust, seeds were sown that would help drive Dallas growth for decades
1980s Seeds

State Thomas Area (TIF Boundary)

Crescent location, circa 1982
(Source: Dallas Morning News)
1990s

• Last gasp of suburban growth in North Dallas

• Focus shifted to:
  – downtown adaptive reuse of old office buildings
  – southern Dallas focus on business parks and retail
  – more TIF districts in the urban core
  – partnerships with the private sector for Arts District expansion

• Again, more seeds sown for future development
1990s Seeds

Downtown Conversions
(Future Joule Hotel)

Southern Dallas Business Parks
(Pinnacle Park)
21st Century

Embracing a new Vision for Dallas

• Recognizing change was critical, the City’s first comprehensive plan, forwardDallas!, established a new course
  – Higher density
  – Mixed land use
  – Mixed income housing
  – Transit-oriented development
  – Stronger public/private partnerships
  – More pedestrian friendly
Taking Stock

• Census provides an opportunity to revisit development efforts
• We made some deliberate choices
• What tools did we use?
• Results help validate strategies used
• Our go forward strategy
• Future opportunity highlights
Brookings Institute analyzed all large metro areas
- Bigger cities grew slower than small cities
- Best educated metro areas in 2000 increased their education leads
- Worst educated areas remained at 2000 education levels
- DFW performed on the low end of the better educated areas

Within metro areas, central cities and established suburbs became more alike

Established suburbs saw
- Education and income levels decrease
- Diversity increase
Annexation Drives Suburban-Style Growth

45 largest U.S. cities in 1950, average population change:
- Cities that couldn’t annex: -16% since 1950
- Cities that kept annexing: 155% since 1950

Dallas no longer able to annex large tracts

### 2000 – 2010 Changes in Large Texas Cities:

<table>
<thead>
<tr>
<th>City</th>
<th>Annexation (Sq. Miles)</th>
<th>Population Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austin</td>
<td>46.6</td>
<td>133,828</td>
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<tr>
<td>Fort Worth</td>
<td>49.0</td>
<td>206,512</td>
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<tr>
<td>Houston</td>
<td>25.8</td>
<td>145,820</td>
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<tr>
<td>San Antonio</td>
<td>54.6</td>
<td>182,761</td>
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<tr>
<td>Dallas</td>
<td>0.8</td>
<td>9,236</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau
Dallas Census Results

• Recent Census data show:
  – Population up by 9,236
  – Despite this small population growth, there were big shifts across race/ethnic groups and across neighborhoods.
    • Housing demolition/construction influenced population trends
    • Density up in the urban core
  – Slower incremental growth
  – Increasing income and education levels
Housing Influenced Population

Demolition of multifamily created population-loss hot spots

Source: U.S. Census Bureau
Per capita income grew faster in Dallas than in the region and faster than in most of the largest DFW cities.

Source: U.S. Census Bureau
Per Capita Income
(Change 2000-2009*)

Dallas shows many tracts with faster growth than national average

*Source: U.S. Census Bureau American Community Survey Averages 2005 to 2009 data for tract-level results.
Median Household Income
(Change 2000-2009)

Median household income grew slower in Dallas compared to per capita income.

Source: U.S. Census Bureau
Median Household Income
(Change 2000-2009*)

Dallas shows many tracts with faster growth than national average

*Source: U.S. Census Bureau American Community Survey Averages 2005 to 2009 data for tract-level results.
At Least a High School Diploma
(Increase in Share of Adults with 2000-2009)

Dallas saw a good increase in the share of adults with a high school degree.

Decrease in H.S.+ adults
At Least a High School Diploma
(Change 2000-2009*)

Dallas tracts showed large increase in adults with at least a high school diploma

*Source: U.S. Census Bureau American Community Survey Averages 2005 to 2009 data for tract-level results.
Dallas saw some growth in its college-educated population unlike many regional cities.
At Least a College Degree
(Change 2000-2009*)

Many Dallas tracts showed faster than national average gains

*Source: U.S. Census Bureau American Community Survey Averages 2005 to 2009 data for tract-level results.
Success Without Population Growth

• 21st Century model of urban success is not about raw population growth
  – Rising population can create false illusion of prosperity (Sunbelt bust)
  – Human capital, infrastructure investment and sustainability drive improvements in wellbeing
  – Diverse populations need to be integrated into the economy
  – Neighborhoods need reinvestment in order to stabilize

• “There is no statistical association whatsoever between population growth and productivity growth”*

• Chicago lost 200,000 residents: median income up 18.4%; college educated grew by 7.6 percentage points

• Pittsburgh lost 29,000 people: ranked most livable U.S. city in 2011 by Economist Intelligence Unit and Forbes

How did we get here?

• It was envisioned, planned for and implemented
  
  forwardDallas! focuses on preservation of neighborhoods, increasing density in our urban core and use of rail
  
  – More sustainable: environmentally and fiscally
  – Creates greater wealth
  – Provides more economic opportunity

• With little annexation opportunity, this approach is critical for future prosperity

• This change is fundamental, and let’s recognize it is a challenging road – transitioning from a suburban form to a more vertical, compact urban space
Planning Vision

forwardDallas! calls for
• An enhanced economy through balanced land use and strategic public investments
• Quality housing made more attainable
• Strong and healthy neighborhoods
• Enhanced transportation systems
• Environmental sustainability
• New development patterns
How Did We Implement?

- Enhanced, integrated planning efforts (area plans, numerous functions plans, etc.)
- Capital Bond Programs
- Restyled TIFs
- Public-Private Partnership Funds
- City Design Studio
- Public Improvement Districts
- Municipal Management Districts
- City of Dallas Regional Center (EB-5)
- New Market Tax Credits
- HUD 108
- Neighborhood Improvement Program
- Land Bank
Coordinated Implementation

TIF Districts, Public Improvement Districts & Municipal Management Districts

DART Rail System
44 Active Dallas Stations

Economic Development Opportunity Areas & Business Parks

Housing Neighborhood Improvement Program Areas

forwardDallas! Comprehensive Plan & Urban Development Area Plans

Trinity River Opportunities
44,000 Acre Corridor
Results

• The City has seen remarkable improvements in the past five years especially considering the magnitude of the Great Recession

• Economic Growth (2006 to 2010)
  – 6.5 M sq. ft of commercial space added
  – 14,064 jobs added
  – 27,000 new housing units permitted
Economic Growth Since 2006

- Growth of people working in Dallas exceeded growth for the US and DFW, lagged Texas.

- Dallas economic output (gross product) exceeds national rate, matches Texas and trails slightly the region overall.

• Dallas workforce (Dallas residents working) declined with recession, but not as dramatically as U.S.; lags DFW and Texas growth.

• Unemployment rate slightly above region overall and Texas, below U.S. Has been tracking lower than the US rate for over three years

Source: U.S. Bureau of Labor Statistics
Revenue Since 2006

Property tax base still up 12.3% through recession; HOT and Sales tax revenue down since 2006, but recovering.

Source: City of Dallas
Council Objectives

Council also identified specific milestone projects to focus development activity

1. Convention Center Hotel open and operational by 1Q 2012
2. Redevelop 4% aging multifamily housing
3. Recruitment of production facility in southern Dallas
4. Increase real property value in 10 opportunity areas
5. Continue Streetcar Implementation Plan
6. Increase the number of business customers that rate the City’s responsiveness as Good or Excellent
7. Establish or reinvigorate retail in southern Dallas
Council Objective Results

1. Hotel completion scheduled for 4Q 2011
2. 5% of aging multi-family housing stock demolished
3. 7 manufacturing projects: 1,023 jobs; $149.6M investment
4. Opportunity area values up 10.2%; 7% in North; 24% in South
5. Streetcar system plan; McKinney extension; Trinity River crossing
6. 2008 baseline 85% say Dallas Good or Excellent Place to Do Business
7. 4 shopping centers (610K sq ft); 8 Aldi grocery stores (5 open); 4 Walmarts announced
$146.5M in Public Funds Leverages $3B in Private Investment Since 2006

PPP leverage = 25.2 to 1

TIF leverage = 19.6 to 1

<table>
<thead>
<tr>
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<th>Total ($M)</th>
<th>North ($M)</th>
<th>South ($M)</th>
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<tbody>
<tr>
<td>Public Private Partnership Program</td>
<td>$33.1</td>
<td>$15</td>
<td>$18</td>
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<td>Public Investment</td>
<td>$834</td>
<td>$365</td>
<td>$469</td>
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<td>Jobs</td>
<td>7,703</td>
<td>6,315</td>
<td>1,388</td>
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<table>
<thead>
<tr>
<th></th>
<th>Northern TIFs</th>
<th>Southern TIFs</th>
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</thead>
<tbody>
<tr>
<td>Public Investment</td>
<td>$78.2</td>
<td>$35.2</td>
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<tr>
<td>Tax Base Investment</td>
<td>$1,800</td>
<td>$423</td>
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</table>

DALLAS ECONOMIC DEVELOPMENT
dallas-ecodev.org
Example Projects Since 2006

Southern Sector
- Four new TIFs, including TOD TIF
- 2 block Lancaster Corridor land assemblage at VA DART Station
- 3 new water bottling plants (423 jobs)
- 3 business parks
- 4 new/redeveloped grocery-anchored retail centers
- $1B investment from last 3 bond programs
  - South Central Police Substation
  - Bexar St Corridor
  - Urban Land Bank

DART Expansion
- 17 new stations
- Green line opened
- $5.5B TOD construction completed, under construction and planned

Long-Term Catalyst Initiatives
- IIPOD
- UNT Dallas Campus
- Trinity Corridor

New TV Series
Good Guys, Chase, Lonestar

Downtown
- Parks: Main Street Garden completed 2009, Belo Gardens and Woodall Rodgers Deck Park under construction
- Hotels:
  - Aloft Hotel completed
  - Joule hotel renovation completed, expansion underway
  - 1,000 room Omni Convention Center Hotel under construction
- Arts District: Winspear, Wyly Completed, Strauss Square, and City Performance Hall under construction
- Mercantile redevelopment produces 366 residential units
- AT&T, Comerica headquarters recruited and Deloitte headquarters retained and expanded = 1,841 jobs
- $100+M in 2006 bond investments
Results

Sylvan / I-30

Site preparation

Rendering
Results

Bishop Arts
Results

Omni Convention Center Hotel
Results

Mercantile Building
Results

Shops at Park Lane
Results

Lake Highlands Town Center
Results

Cedars
Results

Bexar Street
Results

White Rock/ Arboretum
Results

Pinnacle Park
Results

IIPOD
Results

UNT-Dallas
Results

Paul Quinn College
Results

Landfill to Trinity Audubon Center
Results

Freeway to Deck Park
Results

Downtown Headquarters

at&t  ONCOR  Comerica  BELO  Hunt Oil Company  GREYHOUND  7 Eleven  Neiman Marcus  Which Wich Superior Sandwiches
Results

Arts District

Source: Billingsley Company
Results

1982

2010
Going Forward

There are still significant challenges, but many opportunities will be created to produce additional development
Opportunity Highlights
Southern Dallas

1) **Continue business park development** to provide employment anchors (IIPOD, Mountain Creek, Pinnacle)

2) **Support transit-oriented and/or urban mixed-use development** appropriate for individual neighborhoods (Lancaster Corridor – Blue Line stations, Fair Park to Buckner – Green Line corridor, West Dallas, North Oak Cliff, UNT Dallas/Paul Quinn)

3) **Improve community access to retail** through new development and neighborhood center redevelopment
Opportunity Highlights
Southern Dallas

1) Business park Redevelopment
2) Urban TOD/Mixed Use
3) Neighborhood Retail Focus
Opportunity Highlights
Expanded Downtown

1) **Build Lamar Street Corridor** entertainment district connecting Victory to Convention Center and Cedars – new development, improved pedestrian access and efficient transportation

2) **Solidify Main Street** core area as premier urban live, work, play neighborhood in North Texas through continued mixed-use retrofitting of vacant office buildings

3) **Leverage Arts District** assets through mixed-use development proximity to DART rail station.

4) **Support new urban circulator initiatives**, including a street car system that connects downtown with North Oak Cliff (will require substantial private sector financial support)
Opportunity Highlights
Expanded Downtown

1) Lamar Street Corridor
2) Main Street Area
3) Arts District Area mixed use
4) Urban circulator
Opportunity Highlights
Northern Dallas

• Support urban transit-related mixed use development opportunities at lake Highlands Town Center (Blue Line), Park Lane Station/Vickery Meadows (Red Line), and Asian Trade District/Bachman Station Areas (Green Line).

• Reposition Valley View area to compete with suburbs in corporate and retail site selection race.
Opportunity Highlights
Northern Dallas

1) Urban transit-related mixed use
2) Valley View redevelopment
Poised For Greater Change

Coordinated planning and development programs in place
New/upgraded infrastructure
Demolition of aging apartments paves the way for mixed use redevelopment
Growing corporate interest in downtown/Uptown Arts District nearing completion
Increasing focus on quality of life, sustainability: bike plan, complete streets, Trinity
Long-term changes in housing markets favor multi-family options
Continued favorable economic/social trends: Texas growth